



Tax Reform 2017

As of December 20, 2017



Individual Tax

	Current Law	New Law
Tax Rates - Ordinary Income	7 brackets with a top rate of 39.6%	7 brackets with a top rate of 37%
Tax Rates - Capital Gains	3 brackets with top rate of 20%	3 brackets with top rate of 20%
Personal Exemptions	\$4,000 per person, before phase outs	Repealed
Standard Deduction (Single/Joint)	\$6,350/\$12,700	\$12,000/\$24,000
Itemized Deductions for:		
• Medical Expenses	Allowed, if over 7.5% of AGI	Allowed, if over 7.5% of AGI
• State and Local Taxes	Allowed	Limited to \$10,000
• Mortgage Interest on Acquisition Debt	Allowed on first \$1,000,000 of debt	Allowed on first \$750,000 of debt
• Mortgage Interest on HELOC	Allowed on first \$100,000 of debt	Not allowed
• Charitable Contributions	Allowed, within limits	Allowed, increased limits
Deduction for Alimony	Allowed	Not allowed for divorce agreements entered into after 12/31/2018
Deduction for Interest on Student Loans	Allowed	Allowed
Income From Passthroughs (Partnerships and S Corps)	Taxed ordinary income rates	Deduction equal to 20% of certain types of business income, with limitations related to wages paid and capital invested
Net Investment Income Tax	3.8% tax rate	3.8% tax rate
Additional Medicare Tax	.9% tax on wages or SE income over \$200,000	.9% tax on wages or SE income over \$200,000
Alternative Minimum Tax	In effect	Retained, but scaled back

**This information is for discussion purposes only and is not meant to be a comprehensive listing of possible tax law changes nor should it be considered tax advice for the purposes of avoiding penalties under the Internal Revenue Code. Should you have specific questions about how Tax Reform will impact you or your business, please contact your GBQ tax professional.*

Estate Tax

	Current Law	New Law
Lifetime Exemption	\$5.6M if single, \$11.2M if married	Over \$11.2M if single, \$22.4M if married
Tax Rate	40%	40%
Step Up in Basis Upon Death	Yes	Yes

Business Tax

Top Tax Rate	35%	21%
Interest Deduction	Unlimited	Limited to 30% of EBITDA with indefinite carryover
Entertainment Expenses	50% deductible	Not deductible
Domestic Production Activities Deduction	9% of "qualified activities"	Repealed
Net Operating Losses	Carryback 2 years and forward 20	No carryback, limited to 80% of taxable income, indefinite carryforward
Section 179 Expensing	Up to \$510,000	Up to \$5,000,000
Immediate Expensing of Fixed Assets	None, unless Section 179	For the next 5 years
Alternative Minimum Tax	In effect	Repealed
"Small Business" Definition for Certain Tax Accounting Methods	Under \$10M of gross receipts	Under \$25M of gross receipts

International Tax

Tax Base	Worldwide Income	Territorial Income
Taxation of Accumulated Foreign Earnings	Only when repatriated	One-time transition tax
Tax Rate on Repatriated Earnings	Up to 35%	15.5% on cash and 8% on other assets "deemed" repatriated as part of transition tax

**This information is for discussion purposes only and is not meant to be a comprehensive listing of possible tax law changes nor should it be considered tax advice for the purposes of avoiding penalties under the Internal Revenue Code. Should you have specific questions about how Tax Reform will impact you or your business, please contact your GBQ tax professional.*